

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 EAE-00 CIAE-00 DODE-00 PM-04

H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01

CEA-01 COME-00 FTC-01 SEC-01 JUSE-00 NSCE-00 SSO-00

USIE-00 INRE-00 /083 W

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O R 290930Z JUL 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 1210

INFO AMEMBASSY MANILA

AMEMBASSY ROME

AMEMBASSY SEOUL

AMEMBASSY TAIPEI

AMEMBASSY THE HAGUE

AMCONSUL HONG KONG

USLO PEKING

CINCPAC

COMUSJAPAN

C O N F I D E N T I A L TOKYO 11443

CINCPAC FOR POLAD

E. O. 11652: GDS

TAGS: PINT, JA

SUBJ: REACTION TO TANAKA'S ARREST

REF: TOKYO 11364

SUMMARY: ASAHI REPORT THAT LDP SEC GEN NAKASONE AND THREE OTHER LDP POLITICIANS NAMED IN LOCKHEED DATA SUPPLIED BY THE US TO JAPANESE PROSECUTORS HAS TOUCHED OFF A NEW SURGE OF SPECULATION. PRIMIN MIKI ALSO ADDED FUEL FOR RUMORS BY SUGGESTING HE WOULD RESIGN IF ANYONE IN HIS CABINET WERE ARRESTED. ARREST OF NAKASONE, SHOULD THAT TAKE
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PLACE, WOULD ALMOST CERTAINLY PROMPT JUST SUCH A DEMAND. END SUM-

MARY.

1. THE BIGGEST LOCKHEED-RELATED STORY ON JULY 29 WAS THE REPORT BY THE ASAHI SHIMBUN FOR "MOST RELIABLE SOURCES" THAT LDP SECGEN YASUHIRO NAKASONE AND THREE OTHER LEADING LDP POLITICIANS WERE NAMED IN DATA SUPPLIED BY THE US JUSTICE DEPARTMENT TO JAPANESE PROSECUTORS. IN THE DESPATCH FROM WASHINGTON, THE ASAHI (MURAKAMI) SAYS THAT, IN ADDITION TO INFORMATION ON TANAKA'S INVOLVEMENT, THE DATA INCLUDE THE NAMES OF NAKASONE PLUS THOSE OF LDP GENERAL AFFAIRS BUREAU CHIEF AND FORMER VICE MINISTER OF TRANSPORT TAKAYUKI SATO, FORMER LDP SECGEN AND CHIEF CABINET SECRETARY NAKKAIDO, AND FORMER LDP SECGEN AND MINISTER OF TRANSPORT HASHIMOTO. THE LATTER TWO ARE TOP TANAKA FACTION LIEUTENANTS. ALL FOUR HAVE SINCE DECLARED THE ALLEGATIONS GROUNDLESS EITHER IN PERSON OR THROUGH THEIR SECRETARIES. DATA SAID TO BE A COLLECTION OF MEMOS AND REPORTS WHICH THE LOCKHEED CORP HAD ORIGINALLY TURNED OVER TO THE SENATE SUB-COMMITTEE ON MNC'S AND THE SEC. THE ASAHI SAID THAT IF THE INVOLVEMENT OF PARTY OFFICIALS NAKASONE AND SATO IS ESTABLISHED, THE MIKI CABINET WOULD BE "SEVERELY SHAKEN." IN THE DIET UPPER HOUSE SPECIAL LOCKHEED COMMITTEE ON JULY 29 CHIEF INVESTIGATOR YASUHARA WAS ASKED ABOUT THE ALLEGATIONS BUT DID NOT INDICATE ANY PREVIOUS KNOWLEDGE OF THEM.

2. IN THE UPPER HOUSE LOCKHEED COMMITTEE ON JULY 28, JUSTICE MINISTER INABA ADMITTED THAT HIS MINISTRY HAD BEEN REMISS IN NOT LAUNCHING A THOROUGH CRIMINAL INVESTIGATION OF THE QUESTIONABLE LAND DEALS WHOSE REVELATION WAS A FACTOR IN PRIME MINISTER TANAKA'S RESIGNATION IN 1974. HE SAID ONE WOULD BE COMMENCED IMMEDIATELY. IN THE SAME SESSION PRIME MINISTER MIKI ALTERED HIS PREVIOUS STATEMENT ON RESIGNATION BY SAYING THAT, IF A MEMBER OF HIS CABINET WERE ARRESTED HE WOULD "TAKE STEPS ACTING ON THE DICTATES OF MY CONSCIENCE." THE PRESS HAS INTERPRETED THIS AS MEANING HE WOULD RESIGN.

3. LDP PARTY AND FACTION LEADERS SPENT MUCH OF JULY 28 SCURRYING TO AND FROM HASTILY-CALLED MEETINGS WITH EACH OTHER. HIROKICHI NADAOKI, CHAIRMAN OF THE LDP EXECUTIVE COUNCIL, MET FIRST WITH MINFINTO OHIRA, THEN SEPARATELY WITH LDP VICE PRES. SHIINA AND WITH SENIOR FUKUDA FACTION MEMBER KURAISHI AND REPORTEDLY DISCUSSED PARTY REFORM, INCLUDING PROPOSALS TO CHANGE THE SYSTEM BY WHICH THE LDP PRESIDENT IS CHOSEN. NADAOKI WILL MEET WITH FUKUDA ON JULY 29 TO DISCUSS THE SAME TOPICS. MEANWHILE, A MEETING OF THE TANAKA FACTION SCHEDULED FOR CONFIDENTIAL

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JULY 28 WAS CALLED OFF BUT SEVERAL MEMBERS SHOWED UP ANYWAY TO TALK OVER THEIR WORRIES.

4. MOST BUSY OF ALL HAVE BEEN THE TOKYO DISTRICT PROSECUTORS. THEY ARE SAID TO BE TRYING TO BUILD A MAJOR BRIBERY CASE AGAINST TANAKA. TOWARD THIS END THEY ARE REPORTEDLY PUTTING GREAT PRESSURE ON DETAINED FORMER ANA PRESIDENT WAKASA WHO, UNLIKE MARUBENI'S HIYAMA, HAS NOT YET CONFESSED TO A LOCKHEED BRIBERY ROLE. THEY ARE ALSO

SAID TO BE ANXIOUSLY AWAITING RECEIPT OF THE TRANSCRIPTS OF FORMER LOCKHEED CHAIRMAN KOTCHIAN'S LOS ANGELES TESTIMONY WHICH ARE DUE IN JAPAN ON AUGUST 1.

5. COMMENT: RUMORS THAT NAKASONE WAS INVOLVED IN THE LOCKHEED PAY-OFFS HAVE BEEN CIRCULATING FOR SOME MONTHS, BUT THE ASAHI'S STORY WAS THEIR FIRST APPEARANCE IN A LARGE, RESPECTED NEWSPAPER. THE ALLEGATIONS HAVE YET TO BE SUBSTANTIATED, BUT EVEN SO, THEY HAVE DARKENED SUSPICIONS AND ALREADY DAMAGED THE REPUTATIONS OF THE OFFICIALS INVOLVED. THE PROSPECT OF NAKASONE BEING NAMED PRESENTS MIKI AND LDP LEADERSHIP WITH PARTY-WIDE PROBLEM, POTENTIALLY MUCH MORE SERIOUS THAN TANAKA ARREST, DAMAGE FROM WHICH COULD BE LIMITED TO FORMER PRIMIN AND HIS FACTION. SHOULD ALLEGATIONS AGAINST NAKASONE BE SUBSTANTIATED BY ARREST, CLAMOR FOR RESIGNATION OF MAN WHO APPOINTED HIM, TAKEO MIKI, WILL FOLLOW IMMEDIATELY.
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